

IRS News Release

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IRS Issues Interim Guidance on Informational Reporting of Employer-Sponsored Health Coverage; Reporting is Voluntary for All Employers for 2011 and Small Employers for 2012

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WASHINGTON — The Internal Revenue Service today issued [interim guidance](#) to employers on informational reporting on each employee's annual Form W-2 of the cost of the health insurance coverage they sponsor for employees. The IRS is also requesting comments on this interim guidance. The IRS emphasized that this new reporting to employees is for their information only, to inform them of the cost of their health coverage, and does not cause excludable employer-provided health coverage to become taxable; employer-provided health coverage continues to be excludable from an employee's income, and is not taxable.

The Affordable Care Act provides that employers are required to report the cost of employer-provided health care coverage on the Form W-2. [Notice 2010-69](#), issued last fall, made this requirement optional for all employers for the 2011 Forms W-2 (generally furnished to employees in January 2012). In today's guidance, the IRS provided further relief for smaller employers (those filing fewer than 250 W-2 forms) by making this requirement optional for them at least for 2012 (i.e., for 2012 Forms W-2 that generally would be furnished to employees in January 2013) and continuing this optional treatment for smaller employers until further guidance is issued.

Using a question-and-answer format, [Notice 2011-28](#) also provides guidance for employers that are subject to this requirement for the 2012 Forms W-2 and those that choose to voluntarily comply with it for either 2011 or 2012. The notice includes information on how to report, what coverage to include and how to determine the cost of the coverage.

The 2011 [Form W-2](#), prior IRS [Notice 2010-69](#) deferring the reporting requirement for 2011, and [Notice 2011-28](#) containing the new guidance are available on IRS.gov.